IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

SPECIAL CIVIL APPLICATION No. 8488 of 1998
WITH
CIVIL APPLICATION No. 3235 of 2005

For Approval and Signature:

HONOURABLE MR.JUSTICE K.A.PUJ

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1	Whether Reporters of Local Papers may be allowed to see the judgment ?
2	To be referred to the Reporter or not ?
3	Whether their Lordships wish to see the fair copy of the judgment ?
4	Whether this case involves a substantial question of law as to the interpretation of the constitution of India, 1950 or any order made thereunder ?
5	Whether it is to be circulated to the civil judge ?

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SARVODAYA LABOUR UNION - Petitioner
Versus
CELLULOSE PRODUCTS OF INDIA LTD. & 6 - Respondents

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Appearance :
MR LN MEDIPALLY for Petitioners.
M/S ANAND ADVOCATES for Respondent(s) : 1,
MR DIPEN A DESAI for Respondent(s) : 1,
SINGHI & BUCH ASSO. for Respondent(s) : 2 - 4.
MR RM DESAI for Respondent(s) : 4,

MR AC GANDHI for Respondent(s) : 4,
MR SK JHAVERI for Respondent(s) : 4,
MR KI SHAH for Respondent(s) : 4,
MS NALINI S LODHA for Respondent(s) : 4,
None for Respondent(s) : 5,5.2.5
MR JAYESH M PATEL for Respondent(s) : 5.2.1, 5.2.2, 5.2.3, 5.2.4,5.2.6
MR AM RAVAL for Respondent(s) : 6,
MR LB DABHI, AGP for Respondent No. 7.
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CORAM : HONOURABLE MR.JUSTICE K.A.PUJ

Date : 31/07/2006

COMMON ORAL JUDGMENT

1.Since Special Civil Application No. 8488 of 1998 and all other Civil Applications as well as Misc. Civil Applications are inter-connected and having been heard together, they are being disposed of today by separate orders and judgments.

2.Special Civil Application No. 8488 of 1998 is filed by Sarvodaya Labour Union and Mahendra L. Parmar, General Secretary of the said Union praying for the direction to the respondent No. 1, namely, M/s. Cellulose Products of India

Limited to give effect to the settlement at Exh. 15 and the award passed thereto dated 03.04.1998 by the Industrial Tribunal at Ahmedabad rendered in Complaints No. 125 to 449 of 1998 in Reference (I.T.) No. 61/1995. The petitioners have also prayed for the declaration that the respondent Nos. 2 to 4, namely, Managing Director of Industrial Credit Investment Corporation of India, the General Manager of Industrial Investment Bank of India Ltd. and the General Manager of Bank of Baroda could not have any claim qua the vacant land of Kathwada unit and the sale proceeds accrued therefrom and that only the members / workers the petitioner No. 1 Union are entitled to receive the sale proceeds of the same towards their legal dues as per the award. They have also prayed for the direction to the respondent No. 1 Company to maintain proportionate equity in the matter of disbursement of accrued amount out of the sale proceeds of the assets,

machineries, plant and building, furniture and fittings, vacant lands etc. other than Kathwada unit of the respondent No. 1 Company.

3.Civil Application No. 3235 of 2005 is filed by the original petitioner No. 1 Union praying for the direction to the Chairman of the Sale Committee to make available the amount of legal dues to the workmen of the applicant Union as per the settlement Exh. 15 and the award passed thereto dated 03.04.1998 by the Industrial Tribunal, Ahmedabad rendered in Complaints No. 125 to 449 of 1998 in Reference (IT) No. 61 of 1995 out of Rs.2,70,00,000/- lying with the Chairman of Sale Committee out of the sale proceeds of the assets of the Opponent No. 1 Company and further praying for the direction to the Sale Committee to produce Sale Committee Report/Minutes of meeting held on 17.03.2005 in the present proceedings.

4.In Special Civil Application No. 8488 of 1998, it is the case of the petitioners that a reference being (I.T.) No. 61 of 1995 was raised before the Industrial Tribunal over the issue of a charter of demands as wage Revision, dearness allowance and other allowances. When the said reference was pending, the respondent No. 1 Company arbitrarily put an end to the functioning of the Kathwada unit of the Company without seeking permission as contemplated by Section 33 of Industrial Disputes Act, 1947 from the competent authority. In the circumstances, the member workers of the petitioner No. 1 Union moved Complaint Nos. 125 to 449 of 1998 in Reference (I.T.) No. 61 of 1995. However, in the said complaints, the dispute between the complainants and the respondent No. 1 Company was inter-se resolved by setting out the terms dated 03.04.1998. Clause B of the said settlement talks about payment of legal dues to the members – workers

of the petitioner No. 1 Union. As per Clause A of the settlement, the respondent No. 1 Company would keep separate the factory land of Kathwada unit towards legal dues to be paid to the workers. The said land would be free from any encumbrances with a consent of respondent Nos. 2, 3 & 4. It is also agreed that by selling out the land in question, the legal dues of the member – workers of petitioner No. 1 Union would be paid. The payment was to be made by 03.10.1998. In light of the settlement in question, award dated 03.04.1998 came to be passed by the Industrial Tribunal at Ahmedabad with a direction that the parties would abide by the terms of the settlement.

5.It is also the case of the petitioner that the respondent No. 1 Company by its letter dated 14.08.1998 addressed to the President of the petitioner No. 1 Union informed about the difficulties which were coming in the way of

selling land in question and further displayed its willingness to disburse the legal dues of the member – workers of the petitioner No. 1 Union. Along with the said letter, correspondence with financial institutions and banks were also attached. The respondent No. 1 Company further informed vide its letter dated 24.09.1998 that the respondent No. 1 would abide by the terms of settlement as agreed and that deal with GIDC was under consideration. Even if the deal of sale of vacant land at Kathwada unit of respondent No. 1 Company with GIDC were not materialised, in that case, other builders / institutions were also interested to enter into the deal of purchase of land in question.

6.It is also the case of the petitioner that the respondent No. 1 Company was under an obligation to keep separately the land of factory unit at Kathwada and that the said land

would be made free from all encumbrance. Under Clause B, the respondent No. 1 was under an obligation to sell the said land and effect the payment of legal dues of the workers of the petitioner No. 1 Union at Kathwada. The respondent No. 1 Company was, therefore, a party to the settlement and willingly invited the award and hence, it was incumbent upon the respondent No. 1 to follow the said settlement and the award passed thereto in its letter and spirit without making any grudge that the respondent No. 1 Company also owed certain dues of financial institutions. It was the responsibility of the respondent No. 1 to make free the land of Kathwada unit from any charge or encumbrance. An award having been passed in terms of settlement, the respondent No. 1 could not escape from its liability to effect the payment of legal dues of the member – workers of the petitioner No. 1 under the guise that the respondent No. 1 also owed certain

liability to financial institutions and banks.

7.It is also the case of the petitioners that the respondent No. 1 Company had manufacturing factory units at various places at Pungam, Ankleshwar, Ramol, Ahmedabad and Madurai at Tamil Nadu. The respondent No. 1 Company possessed many vacant land at different units as aforesaid, machineries, buildings, offices, furnitures etc. and the respondent No. 1 could repay the outstanding dues of the respondent Nos. 2 to 4 by disposing of the said properties and assets. The dues of the workers were to be paid out of sale proceeds of vacant land of Kathwada unit and therefore the respondent No. 1 could not make any grudge of owing a liability to financial institutions and banks. It was apprehended by the petitioners that the respondent No. 1 Company was trying to back out of the terms of settlement and award in question under the pretext of a pressure having

been mounted by the respondent Nos. 2 to 4 of their outstanding amounts.

8.It is in the above backdrop, the present petition was filed by the petitioners praying for the implementation of the settlement as well as the award passed in terms of the settlement.

9.This Court has passed the very first order on 08.10.1998 whereby the notice was issued and interim relief was granted restraining the respondent No. 1 Company by issuing mandatory directions that any amount that were realised by the respondent No. 1 by sale of its assets, would be kept intact separately in a nationalised bank and would not be released in favour of respondent Nos. 2 to 4 or to any other party.

10.On behalf of the respondent No. 1 Company,

affidavit-in-reply was filed on 01.11.1998. An affidavit-in-reply was filed on 10.11.1998 on behalf of respondent No. 4 i.e. Bank of Baroda and an affidavit-in-reply was filed on 13.11.1998 on behalf of respondent No. 2 i.e. ICICI. After considering the case of the petitioners and the affidavit-in-replies filed on behalf of the respondents and after hearing the learned counsels appearing for the respective parties, this Court has passed an order on 20.11.1998 wherein it is observed that the Company had to make payment to approximately Rs. 637.50 lakhs to the workmen and there were dues of the financial institutions approximately to the tune of Rs. 1147.67 lakhs, as per the figures furnished by the Company. The Court further observed that the respondent Company was trying to make payment but at the same time, it was not possible for the Company to sell the vacant land of the different units of the

Company unless the dues of the financial institutions and banks were paid the land could not be made free from encumbrance. The Court, therefore, in order to ensure the payment of wages to the workmen under reference and also to safe-guard the interest of the financial institutions, has passed an order issuing certain directions, with the consent of all the parties to the petition, whereby the Company was permitted to take steps for sale of its assets through the Sale Committee constituted of the representatives of Industrial Investment Bank of India Ahmedabad, I.C.I.C.I. Ltd., Bank of Baroda, Cellulose Products of India Ltd., Gujarat Industrial Investment Corporation and the petitioner-Union. The said Committee was ordered to be headed by Mr. B.D. Basu, General Manager of Industrial Investment Bank of India, Ahmedabad. The endeavour of the Committee would be to search best possible buyer/buyers. However, the

Committee was not supposed to finally settle the sale without the approval of the court. The Court has also made it very clear that the said order would not affect the rights of the secured creditors in any manner qua the Company, its guarantors for recovery of their dues. The secured creditors were not under an obligation to relinquish their rights by taking part in the Committee. It was kept open for the creditors to initiate action against the Company and guarantors. The Committee was directed to submit its report to this Court on 28.12.1998. The Court further directed that the expenditure incurred by the said Committee would be borne by the first respondent Company and the Company was directed to initially deposit a sum of Rs.50,000/-(Rupees fifty thousand) with ICICI.

11.Pursuant to the aforesaid order, a sale committee was formed and it has submitted its

report to the Court on 25.01.1999. Considering the said report, the Court has passed further order on 28.01.1999.

12.Pursuant to the said order dated 28.1.1999, Sale Committee has made an offer to dispose of the property at Madurai by holding the auction at Madurai and report to that effect was filed before the Court. The Court, therefore, passed an order on 11.05.1999 recording that the Sale Committee has disposed of the property situated at Madurai and has realised the amount of Rs.39.60 Lacs. The Court further observed on the basis of the submissions made by Mr. L.N. Medipally, learned advocate appearing for the petitioners that the workers have not been paid their wages from August, 1998 till October, 1998. The Court further observed on the basis of the submissions made by the learned advocates appearing on behalf of the Secured Creditors

that the financial institutions being secured creditors and having first charge on the properties in question have also not been paid. Since the Sale Committee has realised the amount out of the sale of the property of Madurai, the workers could not be paid their dues from the amount realised out of the sale of Madurai property. The Court, therefore, observed that the workers were without their wages and have not been paid their due wages and hence, the Financial Institutions could certainly raise their claim as and when other properties were disposed of. The Court has also ruled out the objection raised on behalf of the Secured Creditors that no order of winding up was passed and,therefore, the workers were not entitled to raise the claim for wages. The Court further observed that despite the fact that no formal order of winding up was passed, the fact still remained that the company was virtually closed and the

Sale Committee was, in fact, trying to dispose of the properties of the company and, therefore, even at that stage, if the Court would consider the claims of the workers, the Financial Institutions were not likely to be prejudised. The Court, therefore, directed the respondent No. 1 Company to produce the statement regarding the dues of the workers including the watchmen to the respondent no. 3 within three days from the date of the order and on receipt of the said statement, the respondent no. 3 was directed to release the amount of wages within a week from the date of receipt of the statement, as claimed by the respondent no. 1. The respondent no. 1 was further directed to disburse the amount so received within three days from the date of receipt of the said amount.

13.The Court vide its order dated 06.09.1999 has directed the Sale Committee to process the

offer for purchase by Gujarat Industrial Development Corporation through one Messrs. Shivalik Buildwell Limited and to complete the sale thereof. The Sale Committee was also directed to place its further report on the record of the Court.

14.The Court passed further order on 22.09.1999. After considering the rival contentions of the parties, the offer for purchase of plant and machinery, furniture and fixtures of Kathvada factory of the respondent No. 1 Company made by M/s. Shakti Trading Corporation was accepted. The offerer was permitted to post its security. However, the permission for dismantling of the plant and machinery was not granted till the entire payment was made. The Court has also directed to make the payment to 26 watchmen covering wages upto the month of September, 1999.

15.After undergoing the process of disposal of the properties of the respondent No. 1 Company to some extent and after considering the minutes produced before the Court on 12.09.2000 observing that the parties were in broad agreement to the proposition that the amount available for the distribution should be disbursed in proportion to the amounts which were due to the secured creditors and the workmen. The Court, therefore, after considering the total amount due to secured creditors and to the workmen, determined the proportion roughly at 60% and 32% respectively, keeping a margin of 8% for the payments required to be made by the Company towards its statutory and other obligations. The Court, therefore, passed a detailed order for disbursement of the amount on the basis of the aforesaid proportion.

16.The Court vide its order dated 28.10.2004 and

29.10.2004, confirmed the sale of the land of Ramol unit of the Company in favour of M/s. Shyam Developers for Rs. 431 Lacs.

17.This Court vide its order dated 30.10.2004 issued certain directions with regard to disbursement of the amount. While passing the said order, the Court has made it very clear that the said order should not be treated as precedent, as the same was passed without finally adjudicating upon the rival contentions and without disturbing the ratio earlier decided by this Court. The Court has also made it very clear that the order was passed by taking into consideration the pathetic condition of the workers. An amount of Rs.125 Lakhs was ordered to be disbursed amongst the secured creditors viz. IIBI, ICICI and BOB in proportion that they would decide amongst themselves. An amount of Rs.125 Lakhs was ordered to be paid to the company

for distribution amongst the workers of Kathwada unit in proportion to their total dues in terms of the settlement dated 3.4.1998. The payment was ordered to be made to each workmen by Account Payee cheque by the company within a week from receipt of the amount by the company. The Court has also directed that in case any of the workmen has expired in the meantime, the amount shall be paid to his heirs or legal representative/s appearing as nominees in the provident fund records. The Court has also ordered to pay Rs.20 Lakhs to the respondent No. 1 Company towards statutory liability which would be paid by the company only after getting the same confirmed from Sale Committee. The Court has also observed that it has not gone into the question of legality and validity of deduction of 5 % from the amount payable to the workers, by the company on behalf of the applicant union against which several contentions were raised

by the learned advocates appearing for the parties. The Court has, however, recorded the submission made by Mr. L.N. Medipally on behalf of the petitioner Union that without treating as an admission on the part of the applicant-union, the deduction may be reduced to 3 % instead of 5 %. Accordingly, the Court has passed an order to pay 3% instead of 5% without treating the same as an admission on the part of the petitioner – Union.

18.The Court thereafter passed further order on 30.06.2005 on the basis of the statement produced by the Sale Committee. As per the said statement, the amount of sale proceeds available with the Sale Committee for disbursement as on 15.06.2005 is approximately Rs. 448.18 Lacs. The Court has also discussed about the disputes raised with regard to 5 % contribution to be paid to the Union which was objected to mainly on the ground that the Union

has never issued any receipt to individual workman and that it has never submitted any account. The Court has, therefore, issued certain directions keeping such question open, at the request of learned advocates appearing on behalf of the respective parties and permitted the Sale Committee to disburse the amount of Rs.400.00 lacs out of Rs.448.18 Lacs available with them and to disburse the amount as per the ratio fixed by this Court in its order dated 12th September, 2000 except the amount of 5% contribution to the Union. The Court has, therefore, directed the Sale Committee not to make payment of 5% contribution to the Union which was made earlier. The Court has also directed that the secured creditors be paid an amount in consonance with the ratio earlier fixed subject to maximum limit of principal amount. The balance amount was ordered to be kept by the Sale Committee in a separate account for the

purpose of disbursement.

19.It has further come on record that Industrial Investment Bank of India Limited has furnished on 11.10.2005 a statement of dues as on 31.12.1997 of the Secured Creditors and the amount disbursed so far to the Secured Creditors, workmen and the Company. The Company has also stated in its Civil Application No. 8762 of 2005 moved in the aforesaid petition that a sum of Rs.398.80 Lacs has been paid over to the workmen. As per the said statement, Bank of Baroda has yet to receive Rs. 1.57 Lacs towards BPG as exclusive charge holder and a sum of Rs. 418.54 Lacs as second charge holder. It is the case of the respondent No. 4 – Bank of Baroda that the said statement was however silent with regard to the release of Rs. 7.35 Lacs out of the current assets, out of which Rs. 2.55 Lacs only has been received by the respondent No. 4 Bank which was reflected in

the said statement of dues. As per the say of the respondent No. 4, Recovery Application being O.A. No.45/99 filed by the respondent No. 4 Bank for recovery of its dues amounting to Rs. 5,69,19,941.93 as on 11.02.1999 together with interest and the costs against the Company has already been decided by the Debts Recovery Tribunal, Ahmedabad vide its order dated 10.10.2005. Thus, the dues of the respondent No. 4 have already been adjudicated upon by the competent forum. The disbursement of the sale proceeds in so far as the workers are concerned, has been made on the basis of the figures provided by the Company and accordingly, a sum of Rs. 398.80 Lacs has been released to the workmen. The adhoc ratio fixed by this Court vide order dated 12.09.2000 is therefore required to be redetermined after ascertaining the dues of the workmen and the veracity of the expenses made by the Company in respect of the amount of Rs. 113.50 Lacs

disbursed to the Company so far, before passing an order for distribution of remaining sale proceeds. The correct ratio is also to be decided even after assuming for the sake of argument that the workmen are entitled to receive a sum of Rs. 637.50 Lacs and 8% of the sale proceeds received by the Company is justified. The ratio between the Secured Creditors and workmen is to be worked out at 62.70 % = 37.30 % and accordingly, the Secured Creditors are entitled to receive a sum of Rs. 1042.06 Lacs to be disbursed amongst the Secured Creditors and accordingly, the respondent No. 4 as Secured Creditor is entitled to receive further sum of Rs. 391.90 Lacs and the workmen would be entitled to receive Rs. 221.12 Lacs only. The statement showing details of the utilization of the amount of Rs. 113.50 Lacs paid to the Company in terms of the order dated 12.09.2000 is also required to be looked into and adjudicated

upon. It is also reflected in the minutes in the Sale Committee meeting held on 25.08.2005 which is annexed to the affidavit filed on behalf of the respondent No. 4.

20.From the foregoing facts coming on record, proceedings undertaken and completed so far and the orders passed by this Court in the main petition and other applications arising therefrom or relating thereto, the Court is now finally concerned to decide further distribution of the amount amongst secured creditors, workmen and Company on the basis of ad hoc ratio already fixed by the Court or on the basis of fresh ratio to be determined by the Court, challenge made to the settlement by a group of workers represented by Mr. P.J. Mehta, exclusion of Mr. Medipally from the membership of the Sale Committee sought for by this very group, stoppage of deduction of 5% on account of Union Fees from the payment made

and/or to be made to the workmen and other minor issues that have been cropped up during the course of these proceedings.

21.As far as further distribution is concerned, what is emerging from the record is that the total sale proceeds of the assets sold have come to Rs. 1806.50 Lacs which inter alia, includes interest of Rs. 26.50 lacs accrued thereon. The Sale Committee has received sale proceeds of Rs. 1488.50 Lacs till 11.10.2005, the date on which the relevant statement was filed before the Court. The balance amount of Rs. 318.00 Lacs to be received by 28.04.2006, must have been received by the Sale Committee. Thus, the amount available for distribution is about Rs. 534.80 Lacs (Rs. 216.80 Lacs lying with the sale committee as per the affidavit filed on behalf of IIBI on 05.10.2006 + Rs. 318.00 Lacs received thereafter on or about 28.04.2006). This Court vide its order dated

20.11.1998 constituted the Sale Committee for sale of the assets of the Company and by subsequent order dated 12.09.2000 fixed the mode of payment. An ad hoc ratio was fixed under which 60% to the Secured Creditors and 32% to the workmen was directed to be paid. Balance 8% was directed to be kept by the Company for the payment to be made towards its statutory and other obligations. The ratio between the secured creditors and workmen was based on the dues of financial institutions and workmen amounting to about Rs. 1147.67 Lacs and Rs. 637.50 Lacs respectively, as per the figures furnished by the Company. Admittedly, amount of total sale proceeds as indicated above comes to Rs. 1806.50 Lacs and total outstanding dues of the financial institutions and workmen come to Rs. 1785.17 Lacs (Rs. 1147.67 Lacs + Rs. 637.50 Lacs). If the amount of total sale proceeds is distributed amongst the secured creditors and workmen, their dues

are to be fully satisfied. However, the Company was permitted to retain 8% of sale proceeds to discharge its statutory liabilities and other obligations. To this extent, the share of the secured creditors and workmen may be reduced.

22.It is also an admitted position that while working out the ad hoc ratio of 60 : 32 : 8 the dues of Bank of Baroda being BOB working capital of Rs. 421.09 Lacs are also taken into consideration. This being the second charge, uptill now, all disbursements have been virtually made amongst first charge holders and exclusive charge holders. These are not the disbursements in winding up proceedings and hence provisions of S. 529 and 529-A are not to be applied. Bank of Baroda's recovery application was decided and its dues have been adjudicated by the competent forum i.e. Debt Recovery Tribunal, Ahmedabad. Bank of Baroda is, therefore, entitled to legitimately make

its claim from the remaining sale proceeds and that too, when its dues were taken into consideration while working out the ratio and first charge holders have virtually recovered their principal amount of dues.

23.For redetermination of the ratio, the Court is virtually concerned with the fact that the workers should get at least the principal amount in full as the secured creditors have got it as per the statement furnished by IIBI before the Court and as per the averment made in Company's affidavit. The Court has also given an indication in its order dated 30.06.2005 stating that the secured creditors be paid an amount in consonance with the ratio earlier fixed subject to maximum limit of principal amount. However, while considering the secured creditor's claim of interest on the principal amount, the Court considers the submissions made by Mr. A.V. Trivedi, the

learned advocate appearing for IIBI and the reliance placed by him on the decision of the Hon'ble Supreme Court in the case of Central Bank of India V/s. Ravindra and Others, AIR 2001 S.C. 3095, wherein it is held that the principal sum adjudged would be the sum actually loaned plus the amount of interest on periodical rests which according to the contract between the parties or the established banking practice has stood capitalised.

24. For 8% payment to the Company out of the remaining amount of sale proceeds, the Court has considered the grievance raised by the secured creditors and the workmen. Uptill now, four disbursements are made in favour of the Company and about Rs. 113.50 Lacs are paid to the Company for discharging its statutory liabilities and other obligations. No satisfactory proof or evidence is adduced for proper utilisation of this amount. The fact,

however, remains that the Company is still in existence. It has to run its administration and discharge its statutory liabilities and other obligations. The Court has not entertained such applications nor allowed to raise such claims in the present proceedings. They are, however, permitted to raise their claims separately in appropriate proceedings. In such a situation, 8% payment to the Company for the above purposes is quite just and proper and hence, it is directed to be paid from the balance sale proceeds.

25.Considering the aforesaid discussion, the Court hereby issues the following directions for disbursement of the amount out of the remaining sale proceeds lying with the Sale Committee :-

(i) The Court proceeds on the footing that the amount of remaining sale proceeds of the

assets is about Rs. 534.80 Lacs which is lying with the Sale Committee.

(ii) The workmen have been paid till this date an amount of Rs. 398.50 Lacs as stated before the Court. They are entitled to receive Rs. 637.50 Lacs. The Sale Committee is, therefore, directed to provide the balance amount i.e. Rs. 239 Lacs to the Company so as to enable it to make the payment to the workmen. Each eligible workman be paid the amount by Account Payee Cheque and after proper identification. In case, any workman has expired, the amount be paid to his legal heir, after proper verification and identification.

(iii) As per the statement of dues of secured creditors as on 31.12.1997 furnished to the Court, IIBI and ICICI have capitalised the interest of Rs. 65.08 and Rs. 71.90 Lacs respectively. These two amounts along with

other small amounts due to the first charge holders and exclusive charge holders amounting to Rs. 143.73 Lacs are shown as outstanding. The same should accordingly be paid to them, if not paid so far.

(iv) 8% of the remaining sale proceeds of Rs. 534.80 Lacs be paid to the Company so as to enable it to discharge its statutory liabilities and other obligations. A proper account of utilisation be kept and it shall be furnished to the Court by way of compliance.

(v) Balance amount be paid to Bank of Baroda towards satisfaction of its working capital dues.

(vi) It is made clear that neither the Company nor its guarantors are absolved from their liabilities and obligations. It is open for the secured creditors and others to pursue their

remedies for recovery of their unsatisfied dues or claims against other securities or assets, if any.

(vii) In view of the order passed today in Civil Application No. 7731 of 2004, the Sale Committee shall not deduct any amount by way of Union Fees, from the payment to be made to the workmen. The Sale Committee and/or Company is further directed to remit the amount to the workmen which was earlier deducted but not paid to the Union as a result of the orders passed by the Court on 30.10.2004 and 30.06.2005. The Sale Committee is further directed to see that neither Mr. Medipally nor Mr. P.J. Mehta nor any of their agents or representatives shall stake any claim under the pretext of Union Fees or under any other head from the payment made to the workmen.

(viii) The process of disbursement of

amount amongst the secured creditors, workmen and the Company shall be completed on or before 31st August, 2006 and compliance report be filed with this Court within one month thereafter.

26.Subject to the aforesaid directions and observations, this Special Civil Application is accordingly disposed off without any order as to costs.

27.In view of the order passed in main petition, Civil Application No. 3235 of 2005 does not survive and it is accordingly disposed off.

[K.A. PUJ, J.]

28.Mr. Dipen Desai, learned advocate appearing for the Company has submitted that since the final disbursement is ordered to be made, the workers may be directed to issue receipt for the amount received by them till this date pursuant to various orders passed by this Court

with an undertaking that since they have received the principal amount, they will not pursue any other remedy against the respondent Company.

29.Learned advocates Mr. L.N. Medipally and Mr. P.J. Mehta appearing for the workers have submitted that they have no objection against such submission made by Mr. Desai and necessary receipts will be issued along with undertakings at the time of receipt of the payment.

[K.A. PUJ, J.]

S*avariya*